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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/812,627	03/20/2001	David Lawrence	17209-454	1330

54205 7590 07/31/2009

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EXAMINER	
SUBRAMANIAN, NARAYANSWAMY	
ART UNIT	PAPER NUMBER
3695	

MAIL DATE	DELIVERY MODE
07/31/2009	PAPER

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte DAVID LAWRENCE and
AJAY JUNNARKAR

Appeal 2008-004133
Application 09/812,627
Technology Center 3600

Decided:[1] July 31, 2009

Before HUBERT C. LORIN, ANTON W. FETTING, and
BIBHU R. MOHANTY, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

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[1] The two-month time period for filing an appeal or commencing a civil action, as recited in 37 C.F.R. § 1.304, begins to run from the Decided Date shown on this page of the decision. The time period does not run from the Mail Date (paper delivery) or Notification Date (electronic delivery).

STATEMENT OF THE CASE

David Lawrence, et al. (Appellants) seek our review under 35 U.S.C. § 134 of the final rejection of claims 1-5, 7-21, and 26. We have jurisdiction under 35 U.S.C. § 6 (b) (2002).

SUMMARY OF DECISION

We AFFIRM.[2]

THE INVENTION

The invention "relates generally to a method and system for facilitating the identification, investigation, assessment and management of legal, regulatory financial and reputational risks." Specification 1:3-5.

The claims are directed to a process (independent "method" claim 1 and dependent claims 2-5, 7-15, and 26), machine (independent "system" claim 16 and dependent claims 17-20), and manufacture (independent claim 21). Claim 1, reproduced below, is illustrative of the subject matter on appeal.

> 1. A computer-implemented method for managing risk related to a financial transaction, the method comprising:
>
> gathering data into a computer storage, the data related to risk variables for a financial transaction;

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[2] Our decision will make reference to the Appellants' Appeal Brief ("App. Br.," filed Oct. 4, 2007) and Reply Brief ("Reply Br.," filed Feb. 4, 2008), and the Examiner's Answer ("Answer," mailed Dec. 3, 2007).

receiving information into the computer storage relating to details of a financial transaction;

structuring the received information with a processor, according to a risk quotient criteria associated with at least one of a legal, regulatory, and reputational risk; and

generating with the processor, a risk quotient comprising at least one of a scaled numeric value and a scaled alphanumeric value based on the structured information and the gathered data.

THE REJECTION

The Examiner relies upon the following as evidence of unpatentability:

Basch	US 6,119,103	Sep. 12, 2000
Packwood	US 7,006,992 B1	Feb. 28, 2006

The following rejection is before us for review:

1. Claims 1-5, 7-21, and 26 are rejected under 35 U.S.C. §103(a) as being unpatentable over Basch and Packwood.

ISSUE

Have Appellants shown that the Examiner erred in rejecting claims 1-5, 7-21, and 26 under 35 U.S.C. §103(a) as being unpatentable over Basch and Packwood?

FINDINGS OF FACT

We find that the following enumerated findings of fact (FF) are supported by at least a preponderance of the evidence. *Ethicon, Inc. v.*

Quigg, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

The scope and content of the prior art

1. Basch relates to financial risk prediction systems.
2. Packwood relates to a risk assessment and management system.
3. Packwood discloses "legal risk self-assessment factor" (col. 12, l. 48) is a factor considered by a bank's finance department (col. 11, ll. 9-11).

Any differences between the claimed subject matter and the prior art

4. The cited references do not expressly disclose structuring received information according to a risk quotient criteria associated with at least one of a legal, regulatory, and reputational risk.

The level of skill in the art

5. Neither the Examiner nor the Appellants have addressed the level of ordinary skill in the pertinent art of managing risk. We will therefore consider the cited prior art as representative of the level of ordinary skill in the art. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) ("[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error 'where the prior art itself reflects an appropriate level and a need for testimony is not shown'") (*quoting Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985)).

Secondary considerations

6. There is no evidence on record of secondary considerations of non-obviousness for our consideration.

PRINCIPLES OF LAW

Obviousness

> Section 103 forbids issuance of a patent when "the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains."

KSR Int'l Co. v. Teleflex Inc., 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 550 U.S. at 407 ("While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.") The Court in *Graham* further noted that evidence of secondary considerations "might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented." 383 U.S. at 17-18.

ANALYSIS

The Appellants argued claims 1-5, 7-21, and 26 as a group (App. Br. 5-8). We select claim 1 as the representative claim for this group, and the remaining claims 2-5, 7-21, and 26, stand or fall with claim 1. 37 C.F.R. § 41.37(c)(1)(vii) (2007).

Claim interpretation

The claimed method uses a computer to manage risk related to a financial transaction. According to claim 1, the risk is managed this way: data related to risk variables for the financial transaction is gathered, information related to details of the financial transaction is received and structured according to a risk quotient criteria associated with at least one of a legal, regulatory, and reputational risk; and a risk quotient comprising at least one of a scaled numeric value and a scaled alphanumeric value based on the structured information and the gathered data is generated. The Specification does not provide an express definition for "risk variables" but it appears to mean anything with a potential risk for a financial institution. *See* Specification 3:9-10. A "risk quotient criteria" is also not expressly defined in the Specification but is apparently "indicative of risk associated with a transaction or account." *See* Specification 3:13. The legal, regulatory, and reputational risks are also not expressly defined in the Specification but appear to be risks associated with legal and regulatory compliance and reputation. Finally, the generated "risk quotient" is simply a calculated rating of risk. *See* Specification 4:7. Putting it together, claim 1 broadly describes a method of using a computer to gather data about something with a potential risk for a financial institution and information about a transaction, structuring the information according to legal, regulatory, or reputational risk, and calculating a rating of risk for the transaction.

Basch and Packwood

There appears to be no dispute that Basch discloses a system for managing *financial risk* of a financial transaction. *See* App. Br. 7 ("Basch is so specific and unambiguous regarding the direct and limited application of the methods and systems therein to financial risk [. . .] .")

Also, there can be no dispute that a *legal* risk is a type of risk financial institutions are not only aware of but a factor in assuring their operations comply with the law. FF 3.

The question is whether it would have been obvious to one of ordinary skill in the art to add a *legal* risk as an additional factor for Basch's system to consider in structuring information to manage the risk of a financial transaction. We find that it would have been.

Adding consideration of a *legal* risk of a financial transaction to the financial risk that Basch's system addresses yields, as expected, a system which manages not only the financial risk of a transaction but a legal one as well. "The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." *KSR*, 550 U.S. at 415-416.

The Appellants appear to take the position that Basch's singular concern with *financial* risk would not lead one of ordinary skill in the art to add any other type of risk assessment. However, we see nothing unexpected from combining a consideration of legal risk that financial institutions are faced with to the calculation Basch conducts to manage the financial risk of a transaction. Adding legal risk to that calculation leads to a rating that accounts for a financial transaction's financial impact as well as the legal one. "[W]hen a patent [']simply arranges old elements with each performing the same function it had been known to perform['] and yields no

more than one would expect from such an arrangement, the combination is obvious." *KSR,* 550 U.S. at 417 (quoting *Sakraida v. Ag Pro, Inc.,* 425 U.S. 273, 282 (1976)).

Accordingly, we find that the Examiner has made out a prima facie case of obviousness for the claimed subject matter and the Appellants' argument is not persuasive as to error in the rejection.

CONCLUSIONS

We conclude that the Appellants have not shown that the Examiner erred in rejecting claims 1-5, 7-21, and 26 are rejected under 35 U.S.C. §103(a) as being unpatentable over Basch and Packwood.

DECISION

The decision of the Examiner to reject claims 1-5, 7-21, and 26 is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(v).

AFFIRMED

APJ Initials:
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Comment [E1] : Meryl, This address is not the address of record in PALM. Please verify.